



FINANCE COMMITTEE

CITY COUNCIL

MONDAY, DECEMBER 20, 2010
CITY COUNCIL OFFICE
5:00 p.m.

Committee Members: F. Acosta, Chair; D. Reed; J. Waltman

Although Council committee meetings are open to the public, public comment is not permitted. However, citizens are encouraged to attend and observe the committee meetings. Comment from citizens or professionals during the meeting may be solicited on agenda topics via invitation by the Committee Chair.

- I. Major Systems Residential Rehab Program amendment – from “City-wide elderly” to “Neighborhood Specific all ages”**
- II. Review of November Financial Statements (Balance Sheet & Cash Flow Report) (FI01 & FI04)**
- III. Review IT Report**
 - a. Update on Data Cleansing initiative – 2011 CIP Project**
- IV. Review Agreement re Property Tax Billing & Collection w/ County Treasurer**
- V. CD Report**
 - a. Un-programmed CDBG Funds**
 - b. Closing out unpaid CD Loans (CD02)**
 - c. UDAG Fund**
 - 2009 Balance Sheet/Income Statement**

- **2010 Balance Sheet/Income Statement and quarterly report for 2010 showing revenues and expenditures**

VI. Update - Collection Report for Delinquent Taxes and Misc Fines & Fees (RE01)

1. Per Capita (Linebarger)
2. EIT(Linebarger)
3. LST(Linebarger)
4. Permits & Miscellaneous(Linebarger)

VII. Review Act 47 Recovery Plan Initiatives



CITY COUNCIL

Finance Committee

Meeting Report Monday, September 20, 2010

Committee Members Attending: F. Acosta, chair, D. Reed, J. Waltman

Others Attending: V. Spencer, D. Robinson, C. Geffken, H. Tangredi, L. Kelleher, D. Cituk, C. Younger, C. Weidel, T. McMahon, P. Edelman, M. Vind

Mr. Acosta, chair, called the meeting to order at 5:25 pm.

Review August Financial Statements

Mr. Geffken and Ms. Weidel distributed income statements and budget actuals for August 2010 and a cash flow report as of June 30th. Mr. Geffken reviewed the cash flow statements in depth. He explained that capital reserve funds (fund 10) were transferred into the general fund, as this program was set up with general fund money to provide a loan program. As this program has been inactive for many years, the money was transferred back to the general fund. He stated that the housing permits should be billed at the end of September and payments are due by November 15th. He also noted that the transfer out also includes the two (2) pension payments required by the State. He stated that year end projections identified deficits in real estate tax and earned income tax collections at approximately \$3M total. The Committee discussed the projections and the miscalculations for the earned income tax budgeted. Ms. Weidel stated that Linebarger has been unresponsive regarding earned income tax delinquent projections.

Mr. Geffken explained that at year end 2009 the Administration borrowed \$11M from the sewer fund. Approximately \$1M could be charged off to indirect costs. Mr. Geffken stated that he made a repayment of approximately \$3M in May 2010. He noted that the unfunded debt loan will repay all outstanding liabilities, including the repayment of the sewer funds

and the TRAN, leaving a clean slate for year end 2010.

Mr. Waltman expressed concern with the interest payment of approximately \$3M on the repayment of money the City owes itself. Mr. Geffken stated that if approved the ten (10) year unfunded debt will cost the City \$1.9M in debt service payments for 10 years.

Mr. Geffken described his discussions with Wachovia seeking permission to delay the repayment of the 2010 TRAN. He also explained the meeting with the Department of Justice and PADEP regarding the City's Act 47 situation. Both, the DOJ and PADEP are unwilling to compromise on the limits set on the City's ability to seek financial assistance from the Waste Water Treatment Plant. He also noted the need to increase tax revenue to cover the \$1.9M debt service.

Mr. Waltman noted the need to amend the recovery plan due to miscalculations on the City's debt service and earned income tax collections.

IT Report

Mr. Tangredi reviewed the report provided with the agenda. He described the means to entice employees to participate in the IT training program. Mr. Geffken stated that mandatory training will be required for employees lacking basic computer skills and failure to attend will be regarded as insubordination.

Mr. Tangredi stated that for the month of September training on Outlook 2007 is offered at various times during all work days.

Mr. Tangredi stated that only 80 people responded to the online billing survey and approximately half of those responding believed that online pay should be offered at no charge.

Mr. Waltman requested that 2010 budget amendments be listed on the October Finance agenda.

CD Report

Mr. Acosta distributed a memorandum to those present suggesting allocating some of the CDBG funding to the six (6) Council Districts for eligible projects. Discussions of the pros and cons ensued. Mr. Acosta suggested using that approach in next year's CDBG budget. Mr. Denbowski arrived at this time.

Mr. Robinson distributed a copy of the Community Development CDBG budget for 2009 and 2010 showing the amount allocated with the entitlement and the amount spent. He

stated that the City complied with the HUD timeliness test as of Friday. He noted that the City is beginning to utilize the NSP funds. Thus far \$74,365 in administrative fees has been expended from NSP covering salary and equipment.

The Public Works Committee arrived at this time.

Draft 2011 Budget

Mr. Geffken stated that the 2011 budget is not complete and will be distributed to the City Clerk on October 1st.

Response and Correction of External Audit Findings

Mr. Geffken reported that some changes have been implemented.

Update Collection Report for Delinquent Taxes and Misc. Fees

Mr. Geffken stated that no update has been prepared.

City Snow Management Plan

Mr. Geffken stated that he met with Public Works Director Charlie Jones to discuss the current plan and the need for the plan to be updated.

Ms. Reed suggested facilitating information on the snow emergency plan with citizen's and urged the Administration to place a copy of the updated snow emergency plan on the website.

Ms. Goodman-Hinnershitz stated that the Public Works Committee just finished discussing this topic.

Closing Out Unpaid CD Loans

Ms. Kelleher stated that this is one of the initiatives listed in the Act 47 recovery plan. She read from the recovery plan, CD 02, which states that there is approximately \$15M remaining on the City's books for uncollected loans.

The Finance Committee meeting adjourned at approximately 7:05.

Respectfully submitted by Linda A. Kelleher CMC, City Clerk

FOLLOW-UP REQUIRED

- Report from Linebarger re delinquent taxes, fees, etc
- Report from Portnoff re delinquent recycling and trash fees
- Electronic financial reports to be provided with the committee agenda packets

- Amendment of the Recovery Plan to correct miscalculations
- Report on IT data Cleansing Initiative
- Report close out delinquent CD Loans (Recovery Plan CD01)
- Amendments to 2010 Budget
- Discussion on allocation of CDBG Funds for eligible projects in the 6 Council Districts
- Report on the External Audit findings corrected and update on those remaining

Chapter	No.	Initiative	Due Date	Priority	Tracking	Tracking	Completion
Plan Implementation	PI01	Implementation Committee Meetings - Council reps, Admin & Act 47 Coordinator	N/A	0			0
Plan Implementation	PI02	Deploy Implementation Action Teams - Council reps, Admin & Act 47 Coordinator	N/A	0			0
Plan Implementation	PI03	Establish a Citizens Advisory Committee - see Cod Ords - Chapter 1 Part 5 E	N/A	2			0
Plan Implementation	PI04	Create a loaned executive program	N/A	2			0
Plan Implementation	PI05	Publish a performance measurement report to Mayor, Council, Act 47 Coordinator	Quarterly	21			0
Plan Implementation	PI06	Increase participation in regional organizations	N/A	3			0
Plan Implementation	PI07	Create teams to study authority and joint working options	N/A	21			0
Debt	DS01	Unfunded debt transaction	N/A	13			Nov-10
Debt	DS02	Terminate the swap agreement on the 2002 CABs	Jul 21 2010	14			0
Debt	DS03	Terminate the 2008 Swap Agreement	Eval monthly	3			0
Debt	DS04	Discontinue use of scoop refunding; require Coordinator approval of debt transactions	N/A	2			0
Debt	DS05	Explore alternative approaches to wastewater capital funding	N/A	2			0
Debt	DS06	Adopt and comply with debt policies reports to Council and Admin	N/A	2	Dec-10		0
Workforce	WF01	Use professional assistance for labor negotiations	N/A	11			0
Workforce	WF02	Establish a labor/management committee for all employee groups	N/A	2			Ongoing
Workforce	WF03	Limit new contract enhancements	N/A	16			0

Workforce	WF04	Eliminate FOP expenditure reduction bonus provision	Jan 1 2011	3			0
Workforce	WF05	Eliminate free employee parking	N/A	13		Mgmt & 1st level Jan 2010	
Workforce	WF06	Ensure future collective bargaining agreements remain compliant with Recovery Plan	N/A	16			0
Workforce	WF07	Three year wage and step freeze	Jan 1 2011	18			0
Workforce	WF08	Three year wage and step freeze for first level supervisors (AFSCME 3799)	Jan 1 2011	12			0
Workforce	WF09	Reduce management salaries by 2.5% in 2011	Jan 01 2011	18			0
Workforce	WF10	New pay scale for new police officers	Dec 31 2012	3			0
Workforce	WF11	New pay scale for new firefighters	Jan 1 2011	16			0
Workforce	WF12	Freeze longevity pay and eligibility	Jan 1 2011	16			0
Workforce	WF13	Reduce holidays from 14 to 10	Jan 1 2011	12		Mgmt Jan 2010	0
Workforce	WF14	Retain the right to use furlough days	2011-14	13			0
Workforce	WF15	Adjust overtime eligibility thresholds to reflect hours actually worked	N/A	16			0
Workforce	WF16	Reduce vacation leave	N/A	16			0
Workforce	WF17	Reduce sick leave allotments	N/A	16			0
Workforce	WF18	Amend sick leave incentive program	N/A	16			0
Workforce	WF19	Improve sick leave monitoring	N/A	16			0

Workforce	WF20	Court-related overtime reduction strategy	Jan 1 2012	2			0
Workforce	WF21	Amend IAFF overtime calculation to reflect Fire Department shift change	Jan 1 2011	16			0
Workforce	WF22	Adjust IAFF minimum overtime provision	N/A	16			0
Workforce	WF23	Remove disincentive for mutual aid use from IAFF agreement	Dec 31 2010	16			0
Workforce	WF24	Redesign employee health care	2011-12	11		Mgmt & 1st level Jan 2010	0
Workforce	WF25	Contain post-retirement healthcare costs	N/A	12			0
Workforce	WF26	Other health care cost containment measures	Sept 30 2010	2			0
Workforce	WF27	Enhance light-duty program	N/A	3			0
Workforce	WF28	Retain flexibility to fill vacant positions after six months	N/A	16			0
Workforce	WF29	Improve flexibility to assign qualified firefighters to duties as needed	N/A	16			0
Workforce	WF30	Review and restructure fire academy training	N/A	16			0
Workforce	WF31	Change first step of grievance process	N/A	16			0
Pension	PN01	Take advantage of Act 44 remedies	2011-12	11			0
Pension	PN02	Deposit 2007 unpaid MMO obligations	N/A	13			Dec-10
Pension	PN03	Do not provide benefits which exceed those allowed by the Third Class City Code	N/A	3			0
Pension	PN04	Comply with the Internal Revenue Code	Jan 31 2011	12			0

Pension	PN05	Eliminate overtime from firefighter pension benefit calculation for new hires	N/A	16			0
Pension	PN06	Eliminate the DROP program	N/A	16			0
Pension	PN07	Explore creation of a new, less expensive defined benefit plan for new employees	Dec 31 2010	11			0
Pension	PN08	Make a portion of the annual City pension contribution earlier in the year	N/A	2			0
Pension	PN09	Explore a defined contribution plan for retiree medical costs	N/A	3			0
Pension	PN10	Eliminate City contribution to retiree life insurance for new hires	N/A	16			0
Mayor's Office	OM01	Work with City Council to modify and revise City ordinances as necessary to implement the Recovery Plan	N/A	5			0
City Council and City Clerk	CC01	Modify and revise City ordinances as necessary to implement the Recovery Plan	N/A	5			0
City Council and City Clerk	CC02	Hold annual town hall meeting on City's progress	June 30 2011	5			0
City Auditor	CA01	Support Recovery Plan implementation and the external audit process	N/A	5			0
City Auditor	CA02	Establish process for coordinating and responding to external audits	N/A	2			0
City Auditor	CA03	Complete post project completion audits for capital work	N/A	2			0
Finance	FI01	Cash flow reporting and monitoring, monthly rept to Council, Mayor Act 47 Coordinator	N/A	11			Sep-10
Finance	FI02	Develop annual budget document	Oct 1 2010	18			0
Finance	FI03	Create a system to charge back expenses to departments	N/A	2			0
Finance	FI04	Quarterly financial reporting	N/A	14			0

Finance	FI05	Strengthen procurement controls	July 21 2010	14			1
Finance	FI06	Establish process for coordinating and responding to external audits	N/A	5			0
Finance	FI07	Fund balance policies	Dec 2010	2			0
Finance	FI08	Transfer tax collection duties to other entities	Jan 1 2011	12			Jan-10
Finance	FI09	Eliminate the Reading Call Center or equivalent level of costs	Jan 1 2011	18			Jan-10
Finance	FI10	Centralize billing and other administrative functions	N/A	18			Jan-10
Finance	FI11	Reduce manual processes	N/A	5			0.25
Finance	FI12	Citywide 7.5 percent reduction in non-personnel expenses (retain 2011 spending levels in 2012)	Jan 1 2011	18			0
Finance	FI13	Monitor and manage utility services	Dec 31 2010	5			0
Finance	FI14	Develop a performance management system	N/A	2			0
Information Technology	IT01	Move information technology support for the Police Department to Berks County	Dec 31 2010	2			0
Information Technology	IT02	Help other departments improve their use of technology; rept Mayor Council & Coordinator	Aug 20 2010	11			0.5
Information Technology	IT03	Pursue shared services for information technology	N/A	2			0
Capital Improvement Plan	CB01	Create an annual CIP document	N/A	3			0
Capital Improvement Plan	CB02	Increased involvement in CIP process from City departments	N/A	3			0
Capital Improvement Plan	CB03	Enhance communication between City and utilities	N/A	3			0

Capital Improvement Plan	CB04	Capital budget financing	N/A	3			0
Human Resources	HR01	Establish a first source employment referral system	Jan 1 2011	14			0
Human Resources	HR02	Complete a City-wide job study and update job descriptions	Jan 1 2012	3			0
Human Resources	HR03	Establish performance review process	N/A	2			0
Human Resources	HR04	Strengthen employee training	Sept 30 2010	2			0
Human Resources	HR05	Continue to create apprenticeship and internship opportunities	N/A	2			0
Human Resources	HR06	Study span of control	N/A	3			0
Human Resources	HR07	Outsource payroll processing	N/A	15			0
Human Resources	HR08	Develop a performance management system	N/A	2			0
Insurance and Risk Management	RM01	Establish policies to review employee driving records	N/A	2			0
Insurance and Risk Management	RM02	Attain damage estimates to improve cost recovery	Dec 31 2010	2			0
Insurance and Risk Management	RM03	Review excess liability coverage	N/A	2			0
Insurance and Risk Management	RM04	Update insurance specifications	N/A	3			0
Human Relations	HC01	Review HRC staffing	N/A	3			0
Law	LW01	Manage and reduce the use of outside counsel	Dec 31 2011	22			0
Law	LW02	Review all statutes, ordinances & resolutions to ascertain which boards need to retain their own counsel	N/A	2			0

Law	LW03	Implement a time tracking system	N/A	2			0
Law	LW04	Use professional assistance for labor relations activities	N/A	11			0
Reading Public Library System	RL01	Participate in restructuring the Reading Public Library ; Council Pres & Man Director	N/A	5			0
Fire	FD01	Change current shift schedule	Dec 31 2010	16			0
Fire	FD02	Restructure EMS Basic Life Support (BLS) unit staffing plan	Jan 1 2011	16			0
Fire	FD03	Establish part-time EMS positions to address vacancies and planned stand-by events	Jan 1 2011	16			0
Fire	FD04	Implement an engine company inspection program	Jan 1 2011	15			0
Fire	FD05	Evaluate potential for further consolidation of fire stations	RFP 2012	3			0
Fire	FD06	Adjust false alarm ordinance to more accurately reflect costs	Jan 1 2011	15		Bill 40-2010	Complete
Fire	FD07	Implement an emergency response fee	Jan 1 2011	3			0
Fire	FD08	Improve department use of technology rept to Mayor Council & Coordinator	Jan 1 2012	3			0
Fire	FD09	Pursue joint ladder purchase and other intergovernmental cooperation initiatives	N/A	3			0
Fire	FD10	Develop a performance management system	N/A	2			0
Police	PD01	Continue discussions with the County regarding the transfer of emergency 911 dispatch functions	N/A	11			0
Police	PD02	Reduce headcount in 2012	Jan 1 2012	3			0
Police	PD03	Explore regional alternatives to City bomb squad	N/A	2			0

Police	PD04	Other intergovernmental cooperation	N/A	2			0
Police	PD05	Discontinue leasing patrol vehicles	Jan 1 2011	2			0
Police	PD06	Improve cost recovery for extra duty overtime	Jan 1 2011	2			0
Police	PD07	Full cost recovery for officers assigned to Reading Housing Authority properties	Jan 1 2011	2			Dec-10
Police	PD08	Burglar alarms	Jan 1 2011	3		Bill 41-2010	Complete
Police	PD09	Establish Arson Investigation Task Force with Fire Department	N/A	2			0
Police	PD10	Track overtime expense by category	Jan 1 2011	12			0
Police	PD11	Develop a performance management system	N/A	2			0
Public Works	PW01	Review City fleet policies, practices, and needs	N/A	2			0
Public Works	PW02	Create a comprehensive vehicle list	July 30 2010	14			0
Public Works	PW03	Explore opportunities for fleet maintenance contracts with neighboring jurisdictions	Jan 1 2011	2			0
Public Works	PW04	Initiate auction/E-Bay sale of surplus vehicles and equipment in-lieu of trade-in	Dec 31 2010	2			0
Public Works	PW05	Develop a multi-jurisdictional vehicle and equipment organization	Jan 1 2011	3			0
Public Works	PW06	Initiate second shift at Garage for routine maintenance	Dec 31 2010	3			0
Public Works	PW07	Purchase and implement use of fleet management software	Dec 31 2010	2			0
Public Works	PW08	Charge back of all fleet expenses to all Departments; create service agreements	N/A	3			0

Public Works	PW09	Explore a public works apprenticeship program	N/A	3			0
Public Works	PW10	Evaluate possible contract maintenance of all parks	RFP 2010	2		PW Committee	0
Public Works	PW11	Evaluate minor park use and consider alternative management, use, or disposal of underused parks	Dec 31 2010	3		HPO Project	0
Public Works	PW12	Combine the Parks and Property Maintenance divisions	Jan 1 2011	2			0
Public Works	PW13	Transfer the Engineering division to the PW Administration division	N/A	3			Complete
Public Works	PW14	Maintain transfers from the Sewer Fund	N/A	5			0
Public Works	PW15	Establish and enforce a utility cut permit program	Jan 1 2011	3			0
Public Works	PW16	Improve department use of technology	Aug 30 2010	2			0
Public Works	PW17	Continue to explore establishing Rdg Recreation Commission, see Cod Ords Chapter 1 Part 5 K	N/A	3		Underway	0
Public Works	PW18	Develop a Performance Management System	N/A	2			0
Public Works	PW19	Create a City Stormwater Utility	N/A	2			0
Public Works	PW20	Evaluate special assessment charge system to recover street expenditures	Jan 1 2011	3			0
Public Works	PW21	Resolve public/private ownership of street lighting system and apply uniformly	Jan 1 2011	3			0
Public Authorities	PA01	Negotiate additional annual payment from RAWA	Nov 30 2010	11			Dec-10
Public Authorities	PA02	Establish an annual payment from RPA	Nov 30 2010	11			Nov-10
Public Authorities	PA03	Explore options for authority provision of services	N/A	11			0

Public Authorities	PA04	Explore transfer of RAWA City employees to RAWA	N/A	11			0
Community Development	CD01	Schedule additional Zoning Board hearings to eliminate backlog this year	Dec 31 2010	13			0
Community Development	CD02	Close out unpaid Community Development loans	Dec 31 2010	2		Underway	0
Community Development	CD03	Improve department use of technology	N/A	2			0
Community Development	CD04	Update comprehensive plan	Dec 31 2011	3			0
Community Development	CD05	Develop a performance management system	N/A	2			0
Property Maintenance Inspection	CE01	Clear rental inspection backlog	Dec 31 2010	13			0
Property Maintenance Inspection	CE02	Implement systematic two-year permitting and inspection program for rental housing	Jan 1 2011	13			0
Property Maintenance Inspection	CE03	Consider expanding shift coverage to evenings and weekends	N/A	13			0
Property Maintenance Inspection	CE04	Improve department use of technology	Aug 31 2010	2			0
Property Maintenance Inspection	CE05	Cross-train Fire Safety and Trades Inspectors	N/A	3			0
Property Maintenance Inspection	CE06	Assemble and systematically deploy code enforcement teams	N/A	2			0
Property Maintenance Inspection	CE07	Increase "no-show" penalty fees for property owners' absent at scheduled inspections	Jan 1 2011	13		Introduced 12-13-10	0
Property Maintenance Inspection	CE08	Consider adding pre-sale housing inspections	N/A	2			0
Property Maintenance Inspection	CE09	Develop a performance management system	N/A	2			0
Housing	HS01	Designate a Designate a Housing Coordinator	Aug 21 2010	12			0

Housing	HS02	Develop a comprehensive housing strategy	Mar 31 2011	13		Underway	0
Housing	HS03	Evaluate use of CDBG funding to ensure it supports the housing strategy	N/A	13			0
Economic Development	ED01	Develop a local economic development partnership and comprehensive strategy	N/A	13		Underway	0
Revenue	RE01	Delinquent tax collection	Dec 31 2010	12		contracts Linebarger/Portnoff	0
Revenue	RE02	Develop Water Fund transfer policy	Jan 1 2011	17			0
Revenue	RE03	Institute PILOT from the Reading Parking Authority (RPA)	Jan 1 2011	11			0
Revenue	RE04	Conduct tax exempt property audit and expand PILOT payments	Jan 1 2011	2			0
Revenue	RE05	Index fees to inflation	Dec 31 2010	5			0
Revenue	RE06	Generate additional revenue through Market Based Revenue Opportunities	July 1 2011	2			0
Revenue	RE07	Establish revenue estimating committee, Admin, Council Pres & Finance Chair	N/A	11		First mtg 9-1	0
Revenue	RE08	Temporarily expand earned income tax; reduce resident rate in 2014	Jan 1 2011	11			0
Revenue	RE09	Property tax increase in 2014	Dec 31 2013	3			0
Revenue	RE10	Failsafe revenue package	N/A	3			0
Revenue	RE11	Explore a change to a Land Value Tax structure	Rept 4 2011	3			0

